

John J. Nelson (SBN 317598)
**MILBERG COLEMAN BRYSON
PHILLIPS GROSSMAN, LLC**
280 S. Beverly Drive
Beverly Hills, CA 90212
Telephone: (858) 209-6941
Email: jnelson@milberg.com

A. Brooke Murphy*
MURPHY LAW FIRM
4116 Wills Rogers Pkwy, Suite 700
Oklahoma City, OK 73108
Telephone: (405) 389-4989
Email: abm@murphylegalfirm.com

**Pro Hac Vice* application to be submitted

Counsel for Plaintiff and the Proposed Class

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

CYNTHIA REPLOGLE, individually
and on behalf of all others similarly
situated,

Plaintiff,

v.

EP GLOBAL PRODUCTION
SOLUTIONS, LLC d/b/a
ENTERTAINMENT PARTNERS,

Defendant.

Case No.:

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff Cynthia Replogle (“Plaintiff”), individually and on behalf of all
2 others similarly situated, and on behalf of the general public, brings this Class
3 Action Complaint, against defendant EP Global Production Solutions, LLC d/b/a
4 Entertainment Partners (referred to herein as “Entertainment Partners” or
5 “Defendant”) based on personal knowledge and the investigation of counsel, and
6 alleges as follows:

7 **I. INTRODUCTION**

8 1. With this action, Plaintiff seeks to hold Defendant responsible for the
9 harms it caused Plaintiff and similarly situated persons in the preventable data
10 breach of Defendant’s inadequately protected computer network.

11 2. On or about June 30, 2023, Entertainment Partners identified unusual
12 activity on its computer network, indicating a possible data breach. Following an
13 investigation, Entertainment Partners determined that cybercriminals had infiltrated
14 its inadequately protected network and acquired database files containing the
15 sensitive and personal information of Plaintiff and Class members (“Data Breach”
16 or “Breach”).¹

17 3. According to Entertainment Partners, the personal information
18 acquired by cybercriminals in the Data Breach includes names, addresses, Social
19 Security numbers, and/or tax identification numbers (“PII” or “Personal
20 Information”) of at least 471,362 individuals.²

21 4. Entertainment Partners provides “production tools and services” to
22 “tens of thousands of productions” within the entertainment industry.³
23
24
25

26 ¹ <https://oag.ca.gov/system/files/Sample%20Individual%20Notice.pdf>.

27 ² <https://apps.web.maine.gov/online/aeviewer/ME/40/6dd29d7e-9e44-4ad0-9d48-1e0bd6122ab6.shtml>.

28 ³ <https://www.ep.com/company/about-us/>.

1 5. Plaintiff and Class Members are current and former employees of
2 Entertainment Partners and/or production companies that contracted with
3 Entertainment Partners for services.

4 6. To receive employment opportunities, Plaintiff and Class members
5 provided their PII to Defendant with the reasonable expectation that Defendant
6 would keep that sensitive data secure.

7 7. By taking possession and control of Plaintiff's and Class members'
8 Personal Information, Defendant assumed a duty to securely store and protect the
9 Personal Information of Plaintiff and the Class.

10 8. Defendant breached this duty and betrayed the trust of Plaintiff and
11 Class members by failing to properly safeguard and protect their Personal
12 Information, thus enabling cyber criminals to access, acquire, appropriate,
13 compromise, disclose, encumber, exfiltrate, release, steal, misuse, and/or view it.

14 9. Defendant's misconduct – failing to implement adequate and
15 reasonable measures to protect Plaintiff's and Class members' Personal
16 Information, failing to timely detect the Data Breach, failing to take adequate steps
17 to prevent and stop the Data Breach, failing to disclose the material facts that it did
18 not have adequate security practices in place to safeguard the Personal Information,
19 and failing to provide timely and adequate notice of the Data Breach – caused
20 substantial harm and injuries to Plaintiff and Class members across the United
21 States.

22 10. Due to Defendant's negligence and failures, cyber criminals obtained
23 and now possess everything they need to commit personal identity theft and wreak
24 havoc on the financial and personal lives of more than 470,000 individuals, for
25 decades to come.

26 11. Plaintiff brings this class action lawsuit to hold Defendant responsible
27 for its grossly negligent—indeed, reckless—failure to use statutorily required or
28

1 reasonable industry cybersecurity measures to protect Class members' Personal
2 Information.

3 12. As a result of the Data Breach, Plaintiff and Class members have
4 already suffered damages. For example, now that their Personal Information has
5 been released into the criminal cyber domains, Plaintiff and Class members are at
6 imminent and impending risk of identity theft. This risk will continue for the rest of
7 their lives, as Plaintiff and Class members are now forced to deal with the danger
8 of identity thieves possessing and using their Personal Information.

9 13. Additionally, Plaintiff and Class members have already lost time and
10 money responding to and mitigating the impact of the Data Breach, which efforts
11 are continuous and ongoing.

12 14. Plaintiff brings this action individually and on behalf of the Class and
13 seeks actual damages and restitution. Plaintiff also seeks declaratory and injunctive
14 relief, including significant improvements to Defendant's data security systems and
15 protocols, future annual audits, Defendant-funded long-term credit monitoring
16 services, and other remedies as the Court sees necessary and proper.

17 15. Accordingly, Plaintiff brings this action against Defendant seeking
18 redress for its unlawful conduct and asserting claims for (i) negligence, (ii) breach
19 of implied contract, (iii) violation of the California Consumer Privacy Act, Cal. Civ.
20 Code § 1798.100, *et seq.*, and (iv) violation of the California Customer Records Act,
21 Cal. Civ. Code § 1798.80, *et seq.*

22 **II. THE PARTIES**

23 16. Plaintiff Cynthia Replogle is a citizen and resident of San Luis Obispo
24 County, California.

25 17. Defendant is a Delaware limited liability company with its principal
26 place of business located at 2950 North Hollywood Way, Burbank, California
27 91505.
28

1 **III. JURISDICTION AND VENUE**

2 18. The Court has subject matter jurisdiction over this action under the
3 Class Action Fairness Act, 28 U.S.C. § 1332(d)(2). The amount in controversy
4 exceeds \$5,000,000, exclusive of interest and costs. Upon information and belief,
5 the number of class members is over 100, many of whom have different citizenship
6 from Defendant. Thus, minimal diversity exists under 28 U.S.C. § 1332(d)(2)(A).

7 19. This Court has jurisdiction over Defendant because its principal place
8 of business is in this District, regularly conducts business in California, and the acts
9 and omissions giving rise to Plaintiff's claims occurred in and emanated from this
10 District.

11 20. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(a)(1)
12 because a substantial part of the events giving rise to this action occurred in this
13 District and Defendant's principal place of business is in this District.

14 **IV. FACTUAL ALLEGATIONS**

15 **A. The Data Breach and Defendant's Belated Notice**

16 21. On or about June 30, 2023, Entertainment Partners identified unusual
17 activity on its computer network, indicating a possible data breach. Following an
18 investigation, Entertainment Partners determined that cybercriminals had infiltrated
19 its inadequately protected network and acquired database files containing the
20 sensitive and personal information of Plaintiff and Class members ("Data Breach"
21 or "Breach").⁴

22 22. According to Entertainment Partners, the personal information
23 acquired by cybercriminals in the Data Breach includes names, addresses, Social
24 Security numbers, and/or tax identification numbers ("PII" or "Personal
25 Information") of at least 471,362 individuals.⁵

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27 ⁴ <https://oag.ca.gov/system/files/Sample%20Individual%20Notice.pdf>.

28 ⁵ <https://apps.web.maine.gov/online/aeviewer/ME/40/6dd29d7e-9e44-4ad0-9d48-1e0bd6122ab6.shtml>.

1 23. Based on the Notice received by Plaintiff, the type of cyberattack
2 involved, and public news reports, it is plausible and likely that Plaintiff's Personal
3 Information was stolen in the Data Breach.

4 24. Upon information and belief, the unauthorized third-party
5 cybercriminal gained access to and even "acquired" the Personal Information of
6 Plaintiff and Class members and has engaged in (and will continue to engage in)
7 misuse of the Personal Information, including marketing and selling Plaintiff's and
8 Class members' Personal Information on the dark web.

9 25. Accordingly, Defendant had obligations created by industry standards,
10 common law, statutory law, and its own assurances and representations to keep
11 Plaintiff and Class members' Personal Information confidential and to protect such
12 Personal Information from unauthorized access.

13 26. Nevertheless, Defendant failed to spend sufficient resources on
14 encryption of sensitive PII. Defendant further failed to spend sufficient resources
15 on preventing external access, detecting outside infiltration, and preventing the
16 exfiltration of sensitive data.

17 27. The stolen Personal Information at issue has great value to the hackers,
18 due to the large number of individuals affected and the fact the sensitive information
19 that was part of the data that was compromised.

20 **B. Plaintiff's Experience**

21 28. Plaintiff entrusted her Personal Information to Entertainment Partners
22 in order to receive employment.

23 29. Plaintiff provided her Personal Information to Entertainment Partners
24 with the reasonable expectation that Entertainment Partners would protect and
25 maintain the confidentiality of the Personal Information entrusted to it.

26 30. Plaintiff received a notice letter from Defendant in August 2023,
27 informing her that her Personal Information was identified as having been exposed
28 to cybercriminals in the Data Breach.

1 31. Plaintiff provided her Personal Information, including her Social
2 Security number and other information, to Defendant and trusted that Defendant
3 would use reasonable measures to protect it. Plaintiff expected that her sensitive PII
4 would be protected according to state and federal law and any applicable internal
5 policies at Entertainment Partners.

6 32. Because of the Data Breach, Plaintiff's Personal Information is now in
7 the hands of cybercriminals. Plaintiff and all Class members are now imminently at
8 risk of crippling future identity theft and fraud.

9 33. Further, as a result of the Data Breach, Plaintiff has already expended
10 time and suffered loss of productivity from taking time to address and attempt to
11 ameliorate, mitigate, and address the future consequences of the Data Breach,
12 including investigating the Data Breach, researching how best to ensure that she is
13 protected from identity theft, reviewing account statements and other information,
14 and taking other steps in an attempt to mitigate the harm caused by the Data Breach.

15 34. Plaintiff has also suffered injury directly and proximately caused by
16 the Data Breach, including: (a) theft of Plaintiff's valuable Personal Information;
17 (b) the imminent and certain impending injury flowing from fraud and identity theft
18 posed by Plaintiff's Personal Information being placed in the hands of cyber
19 criminals; (c) damages to and diminution in value of Plaintiff's Personal
20 Information that was entrusted to Defendant with the understanding that Defendant
21 would safeguard this information against disclosure; (d) loss of the benefit of the
22 bargain with Defendant to provide adequate and reasonable data security—*i.e.*, the
23 difference in value between what Plaintiff should have received from Defendant
24 and Defendant's defective and deficient performance of that obligation by failing to
25 provide reasonable and adequate data security and failing to protect Plaintiff's
26 Personal Information; and (e) continued risk to Plaintiff's Personal Information,
27 which remains in the possession of Defendant and which is subject to further
28

1 breaches so long as Defendant fails to undertake appropriate and adequate measures
2 to protect the Personal Information that was entrusted to Defendant.

3 **C. Defendant had an Obligation to Protect Personal Information**
4 **under the Law and the Applicable Standard of Care**

5 35. Defendant also prohibited by the Federal Trade Commission Act (the
6 “FTC Act”) (15 U.S.C. § 45) from engaging in “unfair or deceptive acts or practices
7 in or affecting commerce.” The Federal Trade Commission (the “FTC”) has
8 concluded that a company’s failure to maintain reasonable and appropriate data
9 security for consumers’ sensitive personal information is an “unfair practice” in
10 violation of the FTC Act. *See, e.g., FTC v. Wyndham Worldwide Corp.*, 799 F.3d
11 236 (3d Cir. 2015).

12 36. Defendant is further required by various states’ laws and regulations to
13 protect Plaintiff’s and Class members’ Personal Information.

14 37. Defendant owed a duty to Plaintiff and the Class to design, maintain,
15 and test its computer and application systems to ensure that the Personal
16 Information in its possession was adequately secured and protected.

17 38. Defendant owed a duty to Plaintiff and the Class to create and
18 implement reasonable data security practices and procedures to protect the Personal
19 Information in its possession, including adequately training its employees (and
20 others who accessed Personal Information within its computer systems) on how to
21 adequately protect Personal Information.

22 39. Defendant owed a duty to Plaintiff and the Class to implement
23 processes that would detect a breach on its systems in a timely manner.

24 40. Defendant owed a duty to Plaintiff and the Class to act upon data
25 security warnings and alerts in a timely fashion.

26 41. Defendant owed a duty to Plaintiff and the Class to disclose if its
27 computer systems and data security practices were inadequate to safeguard
28

1 individuals' Personal Information from theft because such an inadequacy would be
2 a material fact in the decision to entrust Personal Information with Defendant.

3 42. Defendant owed a duty to Plaintiff and the Class to disclose in a timely
4 and accurate manner when data breaches occurred.

5 43. Defendant owed a duty of care to Plaintiff and the Class because it was
6 a foreseeable victim of a data breach.

7 **D. Defendant was on Notice of Cyber Attack Threats and of the**
8 **Inadequacy of their Data Security**

9 44. Data security breaches have dominated the headlines for the last two
10 decades. And it doesn't take an IT industry expert to know it. The general public
11 can tell you the names of some of the biggest cybersecurity breaches: Target,⁶
12 Yahoo,⁷ Marriott International,⁸ Chipotle, Chili's, Arby's,⁹ and others.¹⁰

13 45. Defendant should certainly have been aware, and indeed was aware,
14 that it was at risk for a data breach that could expose the PII that it collected and
15 maintained.

16 46. Defendant was also on notice of the importance of data encryption of
17 Personal Information. Defendant knew it kept Personal Information in its systems
18

19 ⁶ Michael Kassner, *Anatomy of the Target Data Breach: Missed Opportunities and Lessons*
20 *Learned*, ZDNET (Feb. 2, 2015), <https://www.zdnet.com/article/anatomy-of-the-target-data-breach-missed-opportunities-and-lessons-learned/>.

21 ⁷ Martyn Williams, *Inside the Russian Hack of Yahoo: How They Did It*, CSOONLINE.COM (Oct.
22 4, 2017), <https://www.csoonline.com/article/3180762/inside-the-russian-hack-of-yahoo-how-they-did-it.html>.

23 ⁸ Patrick Nohe, *The Marriot Data Breach: Full Autopsy*, THE SSL STORE: HASHEDOUT (Mar. 22,
24 2019), <https://www.thesslstore.com/blog/autopsying-the-marriott-data-breach-this-is-why-insurance-matters/>.

25 ⁹ Alfred Ng, *FBI Nabs Alleged Hackers in Theft of 15M Credit Cards from Chipotle, Others*,
26 CNET (Aug. 1, 2018), <https://www.cnet.com/news/fbi-nabs-alleged-hackers-in-theft-of-15m-credit-cards-from-chipotle-others/?ftag=CMG-01-10aaa1b>.

27 ¹⁰ See, e.g., Taylor Armerding, *The 18 Biggest Data Breaches of the 21st Century*, CSO ONLINE
28 (Dec. 20, 2018), <https://www.csoonline.com/article/2130877/the-biggest-data-breaches-of-the-21st-century.html>.

1 and yet it appears Defendant did not encrypt these systems or the information
2 contained within them.

3 **E. Cyber Criminals Will Use Plaintiff's and Class Members'**
4 **Personal Information to Defraud Them**

5 47. Plaintiff and Class members' Personal Information is of great value to
6 hackers and cyber criminals, and the data stolen in the Data Breach has been used
7 and will continue to be used in a variety of sordid ways for criminals to exploit
8 Plaintiff and the Class members and to profit off their misfortune.

9 48. Each year, identity theft causes tens of billions of dollars of losses to
10 victims in the United States.¹¹ For example, with the Personal Information stolen in
11 the Data Breach, identity thieves can open financial accounts, apply for credit,
12 collect government benefits, commit crimes, create false driver's licenses and other
13 forms of identification and sell them to other criminals or undocumented
14 immigrants, steal benefits, give breach victims' names to police during arrests, and
15 many other harmful forms of identity theft.¹² These criminal activities have and will
16 result in devastating financial and personal losses to Plaintiff and Class members.

17 49. Personal Information is such a valuable commodity to identity thieves
18 that once it has been compromised, criminals will use it and trade the information
19 on the cyber black-market for years.¹³

20 50. Based on the foregoing, the information compromised in the Data
21 Breach is significantly more valuable than the loss of, for example, credit
22

23 ¹¹"Facts + Statistics: Identity Theft and Cybercrime," Insurance Info. Inst.,
24 <https://www.iii.org/fact-statistic/facts-statistics-identity-theft-and-cybercrime> (discussing
25 Javelin Strategy & Research's report "2018 Identity Fraud: Fraud Enters a New Era of
26 Complexity").

26 ¹² <https://www.experian.com/blogs/ask-experian/what-should-i-do-if-my-drivers-license-number-is-stolen/>.

27 ¹³ *Data Breaches Are Frequent, but Evidence of Resulting Identity Theft Is Limited; However,*
28 *the Full Extent Is Unknown*, GAO, July 5, 2007, <https://www.gao.gov/products/gao-07-737#:~:text=Personal%20Information%3A%20Data%20Breaches%20Are,Extent%20Is%20Unknown%20%7C%20U.S.%20GAO.>

1 card information in a retailer data breach because there, victims can cancel or close
2 credit and debit card accounts. The information compromised in this Data Breach is
3 impossible to “close” and difficult, if not impossible, to change—Social Security
4 number and name.

5 51. This data demands a much higher price on the black market. Martin
6 Walter, senior director at cybersecurity firm RedSeal, explained, “Compared to
7 credit card information, personally identifiable information and Social Security
8 numbers are worth more than 10x on the black market.”¹⁴

9 52. This was a financially motivated Data Breach, as apparent from the
10 discovery of the cyber criminals seeking to profit off the sale of Plaintiff’s and the
11 Class members’ Personal Information on the dark web. The Personal Information
12 exposed in this Data Breach are valuable to identity thieves for use in the kinds of
13 criminal activity described herein.

14 53. These risks are both certainly impending and substantial. As the FTC
15 has reported, if hackers get access to personally identifiable information, they will
16 use it.¹⁵

17 54. Hackers may not use the accessed information right away. According
18 to the U.S. Government Accountability Office, which conducted a study regarding
19 data breaches:

20 [I]n some cases, stolen data may be held for up to a year or more
21 before being used to commit identity theft. Further, once stolen
22 data have been sold or posted on the Web, fraudulent use of that
23 information may continue for years. As a result, studies that
24 attempt to measure the harm resulting from data breaches cannot
necessarily rule out all future harm.¹⁶

25 ¹⁴ Tim Greene, *Anthem Hack: Personal Data Stolen Sells for 10x Price of Stolen Credit Card*
26 *Numbers*, IT World, (Feb. 6, 2015), available
at: <https://www.networkworld.com/article/2880366/anthem-hack-personal-data-stolen-sells-for-10x-price-of-stolen-credit-card-numbers.html>.

27 ¹⁵ Ari Lazarus, *How fast will identity thieves use stolen info?*, FED. TRADE COMM’N (May 24,
2017), <https://www.consumer.ftc.gov/blog/2017/05/how-fast-will-identity-thieves-use-stolen-info>.

28 ¹⁶ *Data Breaches Are Frequent, but Evidence of Resulting Identity Theft Is Limited; However, the Full Extent Is Unknown*, GAO, July 5, 2007, <https://www.gao.gov/products/gao-07->

1
2 55. As described above, identity theft victims must spend countless hours
3 and large amounts of money repairing the impact to their credit.¹⁷

4 56. With this Data Breach, identity thieves have already started to prey on
5 the victims, and one can reasonably anticipate this will continue.

6 57. Victims of the Data Breach, like Plaintiff and other Class members,
7 must spend many hours and large amounts of money protecting themselves from
8 the current and future negative impacts to their credit because of the Data Breach.¹⁸

9 58. In fact, as a direct and proximate result of the Data Breach, Plaintiff
10 and the Class have suffered, and have been placed at an imminent, immediate, and
11 continuing increased risk of suffering, harm from fraud and identity theft. Plaintiff
12 and the Class must now take the time and effort and spend the money to mitigate
13 the actual and potential impact of the Data Breach on their everyday lives, including
14 purchasing identity theft and credit monitoring services, placing “freezes” and
15 “alerts” with credit reporting agencies, contacting their financial institutions,
16 healthcare providers, closing or modifying financial accounts, and closely
17 reviewing and monitoring bank accounts, credit reports, and health insurance
18 account information for unauthorized activity for years to come.

19 59. Plaintiff and the Class have suffered, and continue to suffer, actual
20 harms for which they are entitled to compensation, including:

- 21 a. Trespass, damage to, and theft of their personal property
22 including Personal Information;
23 b. Improper disclosure of their Personal Information;
24

25 [737#:~:text=Personal%20Information%3A%20Data%20Breaches%20Are,Extent%20Is%20Un](#)
26 [known%20%7C%20U.S.%20GAO.](#)

27 ¹⁷ “Guide for Assisting Identity Theft Victims,” Federal Trade Commission, 4 (Sept. 2013),
<http://www.consumer.ftc.gov/articles/pdf-0119-guide-assisting-id-theft-victims.pdf>.

28 ¹⁸ “Guide for Assisting Identity Theft Victims,” Federal Trade Commission, 4 (Sept. 2013),
<http://www.consumer.ftc.gov/articles/pdf-0119-guide-assisting-id-theft-victims.pdf>.

- c. The imminent and certainly impending injury flowing from potential fraud and identity theft posed by their Personal Information being placed in the hands of criminals and having been already misused;
- d. The imminent and certainly impending risk of having their Personal Information used against them by spam callers to defraud them;
- e. Damages flowing from Defendant's untimely and inadequate notification of the data breach;
- f. Loss of privacy suffered as a result of the Data Breach;
- g. Ascertainable losses in the form of out-of-pocket expenses and the value of their time reasonably expended to remedy or mitigate the effects of the data breach;
- h. Ascertainable losses in the form of deprivation of the value of patients' personal information for which there is a well-established and quantifiable national and international market;
- i. The loss of use of and access to their credit, accounts, and/or funds;
- j. Damage to their credit due to fraudulent use of their Personal Information; and
- k. Increased cost of borrowing, insurance, deposits and other items which are adversely affected by a reduced credit score.

60. Moreover, Plaintiff and Class members have an interest in ensuring that their information, which remains in the possession of Defendant, is protected from further breaches by the implementation of industry standard and statutorily compliant security measures and safeguards. Defendant has shown itself to be incapable of protecting Plaintiff's and Class members' Personal Information.

1 61. Plaintiff and Class members are desperately trying to mitigate the
2 damage that Defendant has caused them but, given the Personal Information
3 Defendant made accessible to hackers, they are certain to incur additional damages.
4 Because identity thieves have their Personal Information, Plaintiff and all Class
5 members will need to have identity theft monitoring protection for the rest of their
6 lives.

7 62. None of this should have happened. The Data Breach was preventable.

8 **F. Defendant Could Have Prevented the Data Breach but Failed**
9 **to Adequately Protect Plaintiff's and Class Members' Personal**
 Information

10 63. Data breaches are preventable.¹⁹ As Lucy Thompson wrote in the
11 DATA BREACH AND ENCRYPTION HANDBOOK, “[i]n almost all cases, the data
12 breaches that occurred could have been prevented by proper planning and the
13 correct design and implementation of appropriate security solutions.”²⁰ she added
14 that “[o]rganizations that collect, use, store, and share sensitive personal data must
15 accept responsibility for protecting the information and ensuring that it is not
16 compromised”²¹

17 64. “Most of the reported data breaches are a result of lax security and the
18 failure to create or enforce appropriate security policies, rules, and procedures ...
19 Appropriate information security controls, including encryption, must be
20 implemented and enforced in a rigorous and disciplined manner so that a *data*
21 *breach never occurs.*”²²

22 65. The FTC has promulgated numerous guides for businesses which
23 highlight the importance of implementing reasonable data security practices.

24
25 ¹⁹Lucy L. Thompson, “Despite the Alarming Trends, Data Breaches Are Preventable,” *in* DATA
BREACH AND ENCRYPTION HANDBOOK (Lucy Thompson, ed., 2012).

26 ²⁰*Id.* at 17.

27 ²¹*Id.* at 28.

28 ²²*Id.*

1 According to the FTC, the need for data security should be factored into all business
2 decision-making.

3 66. In 2016, the FTC updated its publication, *Protecting Personal*
4 *Information: A Guide for Business*, which established cyber-security guidelines for
5 businesses. The guidelines note that businesses should protect the personal
6 customer information that they keep; properly dispose of personal information that
7 is no longer needed; encrypt information stored on computer networks; understand
8 their network's vulnerabilities; and implement policies to correct any security
9 problems.⁷ The guidelines also recommend that businesses use an intrusion
10 detection system to expose a breach as soon as it occurs; monitor all incoming traffic
11 for activity indicating someone is attempting to hack the system; watch for large
12 amounts of data being transmitted from the system; and have a response plan ready
13 in the event of a breach.²³

14 67. The FTC further recommends that companies not maintain PII longer
15 than is needed for authorization of a transaction; limit access to sensitive data;
16 require complex passwords to be used on networks; use industry-tested methods for
17 security; monitor for suspicious activity on the network; and verify that third-party
18 service providers have implemented reasonable security measures.

19 68. The FTC has brought enforcement actions against businesses for
20 failing to adequately and reasonably protect customer data, treating the failure to
21 employ reasonable and appropriate measures to protect against unauthorized access
22 to confidential consumer data as an unfair act or practice prohibited by Section 5 of
23 the Federal Trade Commission Act ("FTCA"), 15 U.S.C. § 45. Orders resulting
24 from these actions further clarify the measures businesses must take to meet their
25 data security obligations.

26
27
28 ²³ *Protecting Personal Information: A Guide for Business*, Federal Trade Commission (2016).
Available at https://www.ftc.gov/system/files/documents/plain-language/pdf-0136_proteting-personal-information.pdf.

69. These FTC enforcement actions include actions against healthcare providers and partners like Defendant. *See, e.g., In the Matter of Labmd, Inc., A Corp*, 2016-2 Trade Cas. (CCH) ¶ 79708, 2016 WL 4128215, at *32 (MSNET July 28, 2016) (“[T]he Commission concludes that LabMD’s data security practices were unreasonable and constitute an unfair act or practice in violation of Section 5 of the FTC Act.”).

70. Defendant failed to properly implement basic data security practices, including those set forth by the FTC.

71. Defendant’s failure to employ reasonable and appropriate measures to protect against unauthorized access to customers’ Personal Information constitutes an unfair act or practice prohibited by Section 5 of the FTC Act, 15 U.S.C. § 45.

72. Defendant also failed to meet the minimum standards of any of the following frameworks: the NIST Cybersecurity Framework Version 1.1 (including without limitation PR.AC-1, PR.AC-3, PR.AC-4, PR.AC-5, PR.AC-6, PR.AC-7, PR.AT-1, PR.DS-1, PR.DS-5, PR.PT-1, PR.PT-3, DE.CM-1, DE.CM-4, DE.CM-7, DE.CM-8, and RS.CO-2), and the Center for Internet Security’s Critical Security Controls (CIS CSC), which are all established standards in reasonable cybersecurity readiness.

73. Defendant was entrusted with properly holding, safeguarding, and protecting against unlawful disclosure of Plaintiff’s and Class Members’ Personal Information.

74. Many failures laid the groundwork for the success (“success” from a cybercriminal’s viewpoint) of the Data Breach, starting with Defendant’s failure to incur the costs necessary to implement adequate and reasonable cyber security procedures and protocols necessary to protect Plaintiff’s and Class members’ Personal Information.

1 75. Defendant was at all times fully aware of its obligation to protect the
2 Personal Information of Plaintiff and Class members. Defendant was also aware of
3 the significant repercussions that would result from its failure to do so.

4 76. Defendant maintained the Personal Information in a reckless manner.
5 In particular, the Personal Information was maintained and/or exchanged,
6 unencrypted, in Defendant's systems and were maintained in a condition vulnerable
7 to cyberattacks.

8 77. Defendant knew, or reasonably should have known, of the importance
9 of safeguarding Personal Information and of the foreseeable consequences that
10 would occur if Plaintiff's and Class members' Personal Information was stolen,
11 including the significant costs that would be placed on Plaintiff and Class members
12 as a result of a breach.

13 78. The mechanism of the cyberattack and potential for improper
14 disclosure of Plaintiff's and Class members' Personal Information was a known risk
15 to Defendant, and thus Defendant was on notice that failing to take necessary steps
16 to secure Plaintiff's and Class members' Personal Information from those risks left
17 that information in a dangerous condition.

18 79. Defendant disregarded the rights of Plaintiff and Class members by,
19 *inter alia*, (i) intentionally, willfully, recklessly, or negligently failing to take
20 adequate and reasonable measures to ensure that its business email accounts were
21 protected against unauthorized intrusions; (ii) failing to disclose that it did not have
22 adequately robust security protocols and training practices in place to adequately
23 safeguard Plaintiff's and Class members' Personal Information; (iii) failing to take
24 standard and reasonably available steps to prevent the Data Breach; (iv) concealing
25 the existence and extent of the Data Breach for an unreasonable duration of time;
26 and (v) failing to provide Plaintiff and Class members prompt and accurate notice
27 of the Data Breach.

1 **V. CLASS ACTION ALLEGATIONS**

2 80. Plaintiff incorporates by reference all allegations of the preceding
3 paragraphs as though fully set forth herein. Plaintiff brings all claims as class claims
4 Rule 23(b)(2), 23(b)(3) and 23(c)(4) of the Federal Rules of Civil Procedure.
5 Plaintiff asserts all claims on behalf of the Class, defined as follows:

6 All persons residing in the United States whose personal
7 information was compromised as a result of the Entertainment
8 Partners Data Breach, including those individuals who received
9 breach notification letters (the “Class”).

10 All residents of California whose personal information was
11 compromised as a result of the Entertainment Partners Data
12 Breach, including those individuals who received breach
13 notification letters (the “California Subclass”).

14 The “Class” and the “California Subclass” are sometimes collectively referred to
15 herein as the “Classes” or the “Class”).

16 81. Plaintiff reserves the right to amend the above definitions or to propose
17 other subclasses in subsequent pleadings and motions for class certification.

18 82. This action is brought and may be maintained as a class action because
19 there is a well-defined community of interest among many persons who comprise a
20 readily ascertainable class. A well-defined community of interest exists to warrant
21 class wide relief because Plaintiff and all members of the Class were subjected to
22 the same wrongful practices by Defendant, entitling them to the same relief.

23 83. **Numerosity:** The proposed Class is believed to be so numerous that
24 joinder of all members is impracticable. The proposed Subclass is also believed to
25 be so numerous that joinder of all members would be impractical.

26 84. **Typicality:** Plaintiff’s claims are typical of the claims of the Class.
27 Plaintiff and all members of the Class were injured through Defendant’s uniform
28 misconduct. The same event and conduct that gave rise to Plaintiff’s claims are
identical to those that give rise to the claims of every other Class member because

1 Plaintiff and each member of the Class had their sensitive Personal Information
2 compromised in the same way by the same conduct of Defendant.

3 85. **Adequacy:** Plaintiff is an adequate representative of the Class because
4 her interests do not conflict with the interests of the Class and proposed Subclass
5 that she seeks to represent; Plaintiff has retained counsel competent and highly
6 experienced in data breach class action litigation; and Plaintiff and Plaintiff's
7 counsel intend to prosecute this action vigorously. The interests of the Class will be
8 fairly and adequately protected by Plaintiff and his counsel.

9 86. **Superiority:** A class action is superior to other available means of fair
10 and efficient adjudication of the claims of Plaintiff and the Class. The injury
11 suffered by each individual Class member is relatively small in comparison to the
12 burden and expense of individual prosecution of complex and expensive litigation.
13 It would be very difficult, if not impossible, for members of the Class individually
14 to effectively redress Defendant's wrongdoing. Even if Class members could afford
15 such individual litigation, the court system could not. Individualized litigation
16 presents a potential for inconsistent or contradictory judgments. Individualized
17 litigation increases the delay and expense to all parties, and to the court system,
18 presented by the complex legal and factual issues of the case. By contrast, the class
19 action device presents far fewer management difficulties and provides benefits of
20 single adjudication, economy of scale, and comprehensive supervision by a single
21 court.

22 87. **Commonality and Predominance:** There are many questions of law
23 and fact common to the claims of Plaintiff and the other members of the Class, and
24 those questions predominate over any questions that may affect individual members
25 of the Class. Common questions for the Class include:

- 26 a. Whether Defendant engaged in the wrongful conduct alleged
27 herein;
28

- b. Whether Defendant failed to adequately safeguard Plaintiff's and the Class's Personal Information;
- c. Whether Defendant's email and computer systems and data security practices used to protect Plaintiff's and Class members' Personal Information violated the FTC Act, and/or state laws and/or Defendant's other duties discussed herein;
- d. Whether Defendant owed a duty to Plaintiff and the Class to adequately protect their Personal Information, and whether it breached this duty;
- e. Whether Defendant knew or should have known that its computer and network security systems and business email accounts were vulnerable to a data breach;
- f. Whether Defendant's conduct, including its failure to act, resulted in or was the proximate cause of the Data Breach;
- g. Whether Defendant breached contractual duties owed to Plaintiff and the Class to use reasonable care in protecting their Personal Information;
- h. Whether Defendant failed to adequately respond to the Data Breach, including failing to investigate it diligently and notify affected individuals in the most expedient time possible and without unreasonable delay, and whether this caused damages to Plaintiff and the Class;
- i. Whether Defendant continues to breach duties to Plaintiff and the Class;
- j. Whether Plaintiff and the Class suffered injury as a proximate result of Defendant's negligent actions or failures to act;
- k. Whether Plaintiff and the Class are entitled to recover damages and other relief;

- 1 l. Whether injunctive relief is appropriate and, if so, what
- 2 injunctive relief is necessary to redress the imminent and
- 3 currently ongoing harm faced by Plaintiff and members of the
- 4 Class and the general public;
- 5 m. Whether Defendant's actions alleged herein constitute gross
- 6 negligence; and
- 7 n. Whether Plaintiff and Class members are entitled to punitive
- 8 damages.

9 VI. CAUSES OF ACTION

10 FIRST CAUSE OF ACTION

11 NEGLIGENCE

12 88. Plaintiff incorporates by reference all allegations of the preceding
13 paragraphs as though fully set forth herein.

14 89. Defendant solicited, gathered, and stored the Personal Information of
15 Plaintiff and the Class as part of the operation of its business.

16 90. Upon accepting and storing the Personal Information of Plaintiff and
17 Class members, Defendant undertook and owed a duty to Plaintiff and Class
18 members to exercise reasonable care to secure and safeguard that information and
19 to use secure methods to do so.

20 91. Defendant had full knowledge of the sensitivity of the Personal
21 Information, the types of harm that Plaintiff and Class members could and would
22 suffer if the Personal Information was wrongfully disclosed, and the importance of
23 adequate security.

24 92. Plaintiff and Class members were the foreseeable victims of any
25 inadequate safety and security practices on the part of Defendant. Plaintiff and the
26 Class members had no ability to protect their Personal Information that was in
27 Defendant's possession. As such, a special relationship existed between Defendant
28 and Plaintiff and the Class.

1 93. Defendant was well aware of the fact that cyber criminals routinely
2 target large corporations through cyberattacks in an attempt to steal sensitive
3 personal information.

4 94. Defendant owed Plaintiff and the Class members a common law duty
5 to use reasonable care to avoid causing foreseeable risk of harm to Plaintiff and the
6 Class when obtaining, storing, using, and managing personal information, including
7 taking action to reasonably safeguard such data and providing notification to
8 Plaintiff and the Class members of any breach in a timely manner so that appropriate
9 action could be taken to minimize losses.

10 95. Defendant's duty extended to protecting Plaintiff and the Class from
11 the risk of foreseeable criminal conduct of third parties, which has been recognized
12 in situations where the actor's own conduct or misconduct exposes another to the
13 risk or defeats protections put in place to guard against the risk, or where the parties
14 are in a special relationship. *See* Restatement (Second) of Torts § 302B. Numerous
15 courts and legislatures also have recognized the existence of a specific duty to
16 reasonably safeguard personal information.

17 96. Defendant had duties to protect and safeguard the Personal Information
18 of Plaintiff and the Class from being vulnerable to cyberattacks by taking common-
19 sense precautions when dealing with sensitive Personal Information. Additional
20 duties that Defendant owed Plaintiff and the Class include:

- 21 a. To exercise reasonable care in designing, implementing,
22 maintaining, monitoring, and testing Defendant's networks,
23 systems, email accounts, protocols, policies, procedures and
24 practices to ensure that Plaintiff's and Class members' Personal
25 Information was adequately secured from impermissible
26 release, disclosure, and publication;
27
28

- b. To protect Plaintiff's and Class members' Personal Information in its possession by using reasonable and adequate security procedures and systems;
- c. To implement processes to quickly detect a data breach, security incident, or intrusion involving its business email system, networks and servers; and
- d. To promptly notify Plaintiff and Class members of any data breach, security incident, or intrusion that affected or may have affected their Personal Information.

97. Only Defendant was in a position to ensure that its systems and protocols were sufficient to protect the Personal Information that Plaintiff and the Class had entrusted to it.

98. Defendant breached its duty of care by failing to adequately protect Plaintiff's and Class members' Personal Information. Defendant breached its duties by, among other things:

- a. Failing to exercise reasonable care in obtaining, retaining, securing, safeguarding, deleting, and protecting the Personal Information in its possession;
- b. Failing to protect the Personal Information in its possession by using reasonable and adequate security procedures and systems;
- c. Failing to adequately and properly audit, test, and train its employees regarding how to properly and securely transmit and store Personal Information;
- d. Failing to adequately train its employees to not store Personal Information in for longer than absolutely necessary;
- e. Failing to consistently enforce security policies aimed at protecting Plaintiff's and the Class's Personal Information;

- 1 f. Failing to implement processes to quickly detect data breaches,
- 2 security incidents, or intrusions;
- 3 g. Failing to promptly and comprehensively notify Plaintiff and
- 4 Class members of the Data Breach that affected their Personal
- 5 Information.

6 99. Defendant's willful failure to abide by these duties was wrongful,

7 reckless, and grossly negligent in light of the foreseeable risks and known threats.

8 100. As a proximate and foreseeable result of Defendant's grossly negligent

9 conduct, Plaintiff and the Class have suffered damages and are at imminent risk of

10 additional harms and damages (as alleged above).

11 101. Through Defendant's acts and omissions described herein, including

12 but not limited to Defendant's failure to protect the Personal Information of Plaintiff

13 and Class members from being stolen and misused, Defendant unlawfully breached

14 its duty to use reasonable care to adequately protect and secure the Personal

15 Information of Plaintiff and Class members while it was within Defendant's

16 possession and control.

17 102. Further, through its failure to provide timely and clear notification of

18 the Data Breach to Plaintiff and Class members, Defendant prevented Plaintiff and

19 Class members from taking meaningful, proactive steps toward securing their

20 Personal Information and mitigating damages.

21 103. As a result of the Data Breach, Plaintiff and Class members have spent

22 time, effort, and money to mitigate the actual and potential impact of the Data

23 Breach on their lives, including but not limited to, responding to fraudulent activity,

24 closely monitoring bank account activity, and examining credit reports and

25 statements sent from providers and their insurance companies.

26 104. Defendant's wrongful actions, inactions, and omissions constituted

27 (and continue to constitute) common law negligence.

28

1 105. The damages Plaintiff and the Class have suffered (as alleged above)
2 and will suffer were and are the direct and proximate result of Defendant's grossly
3 negligent conduct.

4 106. In addition to its duties under common law, Defendant had additional
5 duties imposed by statute and regulations, including the duties under the FTC Act.
6 The harms which occurred as a result of Defendant's failure to observe these duties,
7 including the loss of privacy, lost time and expense, and significant risk of identity
8 theft are the types of harm that these statutes and regulations intended to prevent.

9 107. Defendant violated these statutes when it engaged in the actions and
10 omissions alleged herein, and Plaintiff's and Class members' injuries were a direct
11 and proximate result of Defendant's violations of these statutes. Plaintiff therefore
12 is entitled to the evidentiary presumptions for negligence *per se*.

13 108. Pursuant to the FTC Act, 15 U.S.C. § 45(a), Defendant owed a duty to
14 Plaintiff and the Class to provide fair and adequate computer systems and data
15 security to safeguard the Personal Information of Plaintiff and the Class.

16 109. The FTC Act prohibits "unfair practices in or affecting commerce,"
17 including, as interpreted and enforced by the FTC, the unfair act or practice by
18 businesses, such as Defendant, of failing to use reasonable measures to protect
19 Personal Information. The FTC publications and orders described above also
20 formed part of the basis of Defendant's duty in this regard.

21 110. Defendant gathered and stored the Personal Information of Plaintiff
22 and the Class as part of its business of soliciting and facilitating its services to its
23 patients, which affect commerce.

24 111. Defendant violated the FTC Act by failing to use reasonable measures
25 to protect the Personal Information of Plaintiff and the Class and by not complying
26 with applicable industry standards, as described herein.

27 112. Defendant breached its duties to Plaintiff and the Class under the FTC
28 Act by failing to provide fair, reasonable, or adequate computer systems and/or data

1 security practices to safeguard Plaintiff's and Class members' Personal Information,
2 and by failing to provide prompt and specific notice without reasonable delay.

3 113. Plaintiff and the Class are within the class of persons that the FTC Act
4 was intended to protect.

5 114. The harm that occurred as a result of the Data Breach is the type of
6 harm the FTC Act was intended to guard against.

7 115. Defendant breached its duties to Plaintiff and the Class under these
8 laws by failing to provide fair, reasonable, or adequate computer systems and data
9 security practices to safeguard Plaintiff's and the Class's Personal Information.

10 116. Defendant breached its duties to Plaintiff and the Class by
11 unreasonably delaying and failing to provide notice of the Data Breach
12 expeditiously and/or as soon as practicable to Plaintiff and the Class.

13 117. As a direct and proximate result of Defendant's negligence, Plaintiff
14 and the Class have suffered, and continue to suffer, damages arising from the Data
15 Breach, as alleged above.

16 118. The injury and harm that Plaintiff and Class members suffered (as
17 alleged above) was the direct and proximate result of Defendant's negligence.

18 119. Plaintiff and the Class have suffered injury and are entitled to actual
19 and punitive damages in amounts to be proven at trial.

20 **SECOND CAUSE OF ACTION**

21 **BREACH OF IMPLIED CONTRACT**

22 120. Plaintiff incorporates by reference all allegations of the preceding
23 paragraphs as though fully set forth herein.

24 121. Plaintiff and the Class entrusted their Private Information to Defendant
25 in order to receive and maintain employment. In so doing, Plaintiff and the Class
26 entered into implied contracts with Defendant by which Defendant agreed to
27 safeguard and protect such information, to keep such information secure and
28

1 confidential, and to timely and accurately notify Plaintiff and the Class if their data
2 had been breached and compromised or stolen.

3 122. Plaintiff and the Class fully performed their obligations under the
4 implied contracts with Defendant.

5 123. Defendant breached the implied contracts they made with Plaintiff and
6 the Class by failing to safeguard and protect their personal information, by failing
7 to delete the information of Plaintiff and the Class once the relationship ended, and
8 by failing to provide timely and accurate notice to them that personal information
9 was compromised as a result of the Data Breach.

10 124. As a direct and proximate result of Defendant's above-described
11 breach of implied contract, Plaintiff and the Class have suffered (and will continue
12 to suffer) ongoing, imminent, and impending threat of identity theft crimes, fraud,
13 and abuse, resulting in monetary loss and economic harm; actual identity theft
14 crimes, fraud, and abuse, resulting in monetary loss and economic harm; loss of the
15 confidentiality of the stolen confidential data; the illegal sale of the compromised
16 data on the dark web; expenses and/or time spent on credit monitoring and identity
17 theft insurance; time spent scrutinizing bank statements, credit card statements, and
18 credit reports; expenses and/or time spent initiating fraud alerts, decreased credit
19 scores and ratings; lost work time; and other economic and non-economic harm.

20 125. As a direct and proximate result of Defendant's above-described
21 breach of implied contract, Plaintiff and the Class are entitled to recover actual,
22 consequential, and nominal damages.

23 **THIRD CAUSE OF ACTION**

24 **VIOLATIONS OF CALIFORNIA'S CONSUMER PRIVACY ACT,**
25 **Cal. Civ. Code § 1798.100, et seq. ("CCPA")**
26 **(On Behalf of Plaintiff and the California Subclass)**

27 126. Plaintiff incorporates by reference all allegations of the preceding
28 paragraphs as though fully set forth herein.

1 127. Defendant violated section 1798.150(a) of the CCPA, Cal. Civ. Code
2 § 1798.150(a), by failing to prevent the Personal Information of Plaintiff and the
3 California Subclass from unauthorized access and exfiltration, theft, or disclosure
4 as a result of Defendant' violations of their duty to implement and maintain
5 reasonable security procedures and practices appropriate to the nature of the
6 information to protect the PII.

7 128. The non-redacted and non-encrypted Personal Information of Plaintiff
8 and the California Subclass was subjected to unauthorized access and exfiltration,
9 theft, or disclosure as a direct and proximate result of Defendant' violations of their
10 duty under the CCPA.

11 129. Plaintiff and the California Subclass lost money or property, including
12 but not limited to the loss of legally protected interest in the confidentiality and
13 privacy of their Personal Information, nominal damages, and additional losses as a
14 direct and proximate result of Defendant' acts described above.

15 130. Defendant knew, or should have known, that their network computer
16 systems and data security practices were inadequate to safeguard PII and that the
17 risk of a data breach or theft was highly likely. Defendant failed to implement and
18 maintain reasonable security procedures and practices appropriate to the nature of
19 the information to protect PII, such as properly encrypting the Personal Information
20 so in the event of a data breach an unauthorized third party cannot read the PII. As
21 a result of the failure to implement reasonable security procedures and practices, the
22 PII of Plaintiff and members of the California Subclass was exposed.

23 131. Defendant is organized for the profit or financial benefit of their
24 owners and collect PII as defined in Cal. Civ. Code § 1798.140.

25 132. Plaintiff the California Subclass seek injunctive or other equitable
26 relief to ensure that Defendant hereinafter adequately safeguard PII by
27 implementing reasonable security procedures and practices. This relief is important
28 because Defendant still hold PII related to Plaintiff and the California Subclass.

1 Plaintiff and the California Subclass have an interest in ensuring that their PII is
2 reasonably protected.

3 133. At this time, Plaintiff and California Class Members seek only actual
4 pecuniary damages suffered as a result of Defendant's violations of the CCPA,
5 injunctive and declaratory relief, attorneys' fees and costs (pursuant to Cal. Code
6 Civ. Proc. § 1021.5), and any other relief the court deems proper.

7 134. Concurrently with the filing of this Complaint, Plaintiff is providing
8 written notice to Defendant identifying the specific provisions of this title she
9 alleges it has violated. If within 30 days of Plaintiff's written notice to Defendant it
10 fails to "actually cure" its violations of Cal. Civ. Code § 1798.150(a) and provide
11 "an express written statement that the violations have been cured and that no further
12 violations shall occur," Plaintiff will amend this complaint to also seek the greater
13 of statutory damages in an amount not less than one hundred dollars (\$100) and not
14 greater than seven hundred and fifty (\$750) per consumer per incident, or actual
15 damages, whichever is greater. *See* Cal. Civ. Code § 1798.150(b).

16 **FOURTH CAUSE OF ACTION**

17 **VIOLATION OF THE CALIFORNIA CUSTOMER RECORDS ACT**
18 **Cal. Civ. Code §§ 1798.80 *et seq***
19 **(On Behalf of Plaintiff and the California Subclass)**

20 135. Plaintiff incorporates by reference all allegations of the preceding
21 paragraphs as though fully set forth herein.

22 136. Cal. Civ. Code § 1798.81.5 provides that "[i]t is the intent of the
23 Legislature to ensure that personal information about California residents is
24 protected. To that end, the purpose of this section is to encourage businesses that
25 own, license, or maintain personal information about Californians to provide
26 reasonable security for that information."

27 137. Section 1798.81.5(b) further states that: "[a] business that owns,
28 licenses, or maintains personal information about a California resident shall

1 implement and maintain reasonable security procedures and practices appropriate
2 to the nature of the information, to protect the personal information from
3 unauthorized access, destruction, use, modification, or disclosure.”

4 138. Cal. Civ. Code § 1798.84(b) provides that “[a]ny customer injured by a
5 violation of this title may institute a civil action to recover damages.” Section
6 1798.84(e) further provides that “[a]ny business that violates, proposes to violate,
7 or has violated this title may be enjoined.”

8 139. Plaintiff and members of the California subclass are “customers”
9 within the meaning of Civ. Code § 1798.80(c) and 1798.84(b) because they are
10 individuals who provided personal information to Defendant, directly and/or
11 indirectly, for the purpose of obtaining a service from Defendant.

12 140. The Personal Information of Plaintiff and the California Subclass at
13 issue in this lawsuit constitutes “personal information” under § 1798.81.5(d)(1) in
14 that the personal information Defendant collect and which was impacted by the
15 cybersecurity attack includes an individual’s name in combination with one or more
16 of the following data elements, with either the name or the data elements not
17 encrypted or redacted: (i) social security number; (ii) driver’s license number,
18 California identification card number, tax identification number, passport number,
19 military identification number, or other unique identification number issued on a
20 government document commonly used to verify the identity of a specific individual;
21 (iii) account number or credit or debit card number, in combination with any
22 required security code, access code, or password that would permit access to an
23 individual’s financial account; (iv) medical information; (v) health insurance
24 information; (vi) unique biometric data generated from measurements or technical
25 analysis of human body characteristics, such as a fingerprint, retina, or iris image,
26 used to authenticate a specific individual.

27 141. Defendant knew or should have known that its computer systems and
28 data security practices were inadequate to safeguard the California subclass’s

1 personal information and that the risk of a data breach or theft was highly likely.
2 Defendant failed to implement and maintain reasonable security procedures and
3 practices appropriate to the nature of the information to protect the personal
4 information of Plaintiff and the California subclass. Specifically, Defendant failed
5 to implement and maintain reasonable security procedures and practices appropriate
6 to the nature of the information, to protect the personal information of Plaintiff and
7 the California subclass from unauthorized access, destruction, use, modification, or
8 disclosure. Defendant further subjected Plaintiff's and the California subclass's
9 nonencrypted and nonredacted personal information to an unauthorized access and
10 exfiltration, theft, or disclosure as a result of the Defendant's violation of the duty to
11 implement and maintain reasonable security procedures and practices appropriate
12 to the nature of the information, as described herein.

13 142. As a direct and proximate result of Defendant's violation of its duty, the
14 unauthorized access, destruction, use, modification, or disclosure of the personal
15 information of Plaintiff and the California subclass included hackers' access to,
16 removal, deletion, destruction, use, modification, disabling, disclosure and/or
17 conversion of the personal information of Plaintiff and the California subclass by
18 the cyber attackers and/or additional unauthorized third parties to whom those
19 cybercriminals sold and/or otherwise transmitted the information.

20 143. As a direct and proximate result of Defendant's acts or omissions,
21 Plaintiff and the California subclass were injured and lost money or property
22 including, but not limited to, the loss of Plaintiff's and the subclass's legally
23 protected interest in the confidentiality and privacy of their personal information,
24 nominal damages, and additional losses described above. Plaintiff seeks
25 compensatory damages as well as injunctive relief pursuant to Cal. Civ. Code §
26 1798.84(b).

27 144. Moreover, the California Customer Records Act further provides: "A
28 person or business that maintains computerized data that includes personal

1 information that the person or business does not own shall notify the owner or
2 licensee of the information of the breach of the security of the data immediately
3 following discovery, if the personal information was, or is reasonably believed to
4 have been, acquired by an unauthorized person.” Cal. Civ. Code § 1798.82.

5 145. Any person or business that is required to issue a security breach
6 notification under the CRA must meet the following requirements under
7 §1798.82(d):

- 8 a. The name and contact information of the reporting person or business
9 subject to this section;
- 10 b. A list of the types of personal information that were or are reasonably
11 believed to have been the subject of a breach;
- 12 c. If the information is possible to determine at the time the notice is
13 provided, then any of the following:
 - 14 i. the date of the breach,
 - 15 ii. the estimated date of the breach, or
 - 16 iii. the date range within which the breach occurred. The
17 notification shall also include the date of the notice;
- 18 d. Whether notification was delayed as a result of a law enforcement
19 investigation, if that information is possible to determine at the time
20 the notice is provided;
- 21 e. A general description of the breach incident, if that information is
22 possible to determine at the time the notice is provided;
- 23 f. The toll-free telephone numbers and addresses of the major credit
24 reporting agencies if the breach exposed a social security number or a
25 driver’s license or California identification card number;
- 26 g. If the person or business providing the notification was the source of
27 the breach, an offer to provide appropriate identity theft prevention and
28 mitigation services, if any, shall be provided at no cost to the affected

1 person for not less than 12 months along with all information necessary
2 to take advantage of the offer to any person whose information was or
3 may have been breached if the breach exposed or may have exposed
4 personal information.

5 141. On information and belief, to date, Defendant has not sent written
6 notice of the data breach to all impacted individuals. As a result, Defendant has
7 violated § 1798.82 by not providing legally compliant and timely notice to all
8 California Subclass Members. Because not all members of the class have been
9 notified of the breach, members could have taken action to protect their personal
10 information but were unable to do so because they were not timely notified of the
11 breach.

12 142. As a direct consequence of the actions as identified above, Plaintiff and
13 the California subclass members incurred losses and suffered further harm to their
14 privacy, including but not limited to economic loss, the loss of control over the use
15 of their identity, increased stress, fear, and anxiety, harm to their constitutional right
16 to privacy, lost time dedicated to the investigation of the breach and effort to cure
17 any resulting harm, the need for future expenses and time dedicated to the recovery
18 and protection of further loss, and privacy injuries associated with having their
19 sensitive personal, financial, and payroll information disclosed, that they would not
20 have otherwise incurred, and are entitled to recover compensatory damages
21 according to proof pursuant to § 1798.84(b).

22 **VII. PRAYER FOR RELIEF**

23 WHEREFORE, Plaintiff and the Class pray for judgment against Defendant
24 as follows:

- 25 a. An order certifying this action as a class action, defining the
26 Class as requested herein, appointing the undersigned as Class
27 counsel, and finding that Plaintiff is a proper representative of
28 the Class requested herein;

- 1 b. A judgment in favor of Plaintiff and the Class awarding them
2 appropriate monetary relief, including actual damages,
3 restitution, attorney fees, expenses, costs, and such other and
4 further relief as is just and proper.
- 5 c. An order providing injunctive and other equitable relief as
6 necessary to protect the interests of the Class and the general
7 public as requested herein, including, but not limited to:
- 8 i. Ordering that Defendant engage third-party security
9 auditors/penetration testers as well as internal security
10 personnel to conduct testing, including simulated attacks,
11 penetration tests, and audits on Defendant's systems on a
12 periodic basis, and ordering Defendant to promptly
13 correct any problems or issues detected by such third-
14 party security auditors;
- 15 ii. Ordering that Defendant engage third-party security
16 auditors and internal personnel to run automated security
17 monitoring;
- 18 iii. Ordering that Defendant audit, test, and train its security
19 personnel regarding any new or modified procedures;
- 20 iv. Ordering that Defendant segment customer data by,
21 among other things, creating firewalls and access controls
22 so that if one area of Defendant's systems is
23 compromised, hackers cannot gain access to other
24 portions of Defendant's systems;
- 25 v. Ordering that Defendant cease transmitting Personal
26 Information via unencrypted email;
- 27 vi. Ordering that Defendant cease storing Personal
28 Information in email accounts;

- vii. Ordering that Defendant purge, delete, and destroy in a reasonably secure manner customer data not necessary for its provisions of services;
- viii. Ordering that Defendant conduct regular database scanning and securing checks;
- ix. Ordering that Defendant routinely and continually conduct internal training and education to inform internal security personnel how to identify and contain a breach when it occurs and what to do in response to a breach; and
- x. Ordering Defendant to meaningfully educate its current, former, and prospective employees and subcontractors about the threats faced as a result of the loss of financial and personal information to third parties, as well as the steps they must take to protect against such occurrences;
- d. An order requiring Defendant to pay the costs involved in notifying the Class members about the judgment and administering the claims process;
- e. A judgment in favor of Plaintiff and the Class awarding them pre-judgment and post-judgment interest, reasonable attorneys' fees, costs and expenses as allowable by law; and
- f. An award of such other and further relief as this Court may deem just and proper.

VIII. DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury on all issues so triable.

1
2 DATED: August 23, 2023

/s/ John J. Nelson

John J. Nelson (SBN 317598)

MILBERG COLEMAN BRYSON

PHILLIPS GROSSMAN, LLC

280 S. Beverly Drive

Beverly Hills, CA 90212

Telephone: (858) 209-6941

Email: jnelson@milberg.com

A. Brooke Murphy*

MURPHY LAW FIRM

4116 Wills Rogers Pkwy, Suite 700

Oklahoma City, OK 73108

Telephone: (405) 389-4989

Email: abm@murphylegalfirm.com

**Pro Hac Vice application to be submitted*

*Counsel for Plaintiff and the Proposed
Class*